

BEST AVAILABLE COPY

P2 1198988

REC'D 16 AUG 2004

WIPO

PCT

THE UNITED STATES OF AMERICA

TO ALL TO WHOM THESE PRESENTS SHALL COME:

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office

August 09, 2004

THIS IS TO CERTIFY THAT ANNEXED HERETO IS A TRUE COPY FROM THE RECORDS OF THE UNITED STATES PATENT AND TRADEMARK OFFICE OF THOSE PAPERS OF THE BELOW IDENTIFIED PATENT APPLICATION THAT MET THE REQUIREMENTS TO BE GRANTED A FILING DATE.

APPLICATION NUMBER: *PCT/US03/19093*

FILING DATE: *June 18, 2003*

RELATED PCT APPLICATION NUMBER: *PCT/US04/19272*

By Authority of the
COMMISSIONER OF PATENTS AND TRADEMARKS



T. Wallace
T. WALLACE
Certifying Officer

**PRIORITY
DOCUMENT**

SUBMITTED OR TRANSMITTED IN
COMPLIANCE WITH RULE 17.1(a) OR (b)

PCT

HOME COPY REQUEST

The undersigned requests that the present international application be processed according to the Patent Cooperation Treaty.

For receiving Office use only	
International Application No.	PCT/US 03/19093
International Filing Date	RO/US 18 JUN 2003
Name of receiving Office (if designated "International Application")	
Applicant's or agent's file reference (if desired) (12 characters maximum) 003448-00	

Box No. I TITLE OF INVENTION MORTGAGE FINANCING SYSTEM	
Box No. II APPLICANT <input checked="" type="checkbox"/> This person is also inventor	
Name and address: (Family name followed by given name; for a legal entity, full official designation. The address must include postal code and name of country. The country of the address indicated in this Box is the applicant's State (that is, country) of residence if no State of residence is indicated below.)	
NICHOLS, Evelyn 2221 38th Place East Seattle, WA 98112 United States of America	
Telephone No. (206) 323-1260	Facsimile No. (206) 329-1563
Teleprinter No.	
Applicant's registration No. with the Office	
State (that is, country) of nationality: US	State (that is, country) of residence: US
This person is applicant for the purposes of: <input checked="" type="checkbox"/> all designated States <input type="checkbox"/> all designated States except the United States of America <input type="checkbox"/> the United States of America only <input type="checkbox"/> the States indicated in the Supplemental Box	
Box No. III FURTHER APPLICANT(S) AND/OR (FURTHER) INVENTOR(S)	
Name and address: (Family name followed by given name; for a legal entity, full official designation. The address must include postal code and name of country. The country of the address indicated in this Box is the applicant's State (that is, country) of residence if no State of residence is indicated below.)	
This person is: <input type="checkbox"/> applicant only <input type="checkbox"/> applicant and inventor <input type="checkbox"/> inventor only (If this check-box is marked, do not fill in below.)	
Applicant's registration No. with the Office	
State (that is, country) of nationality:	State (that is, country) of residence:
This person is applicant for the purposes of: <input type="checkbox"/> all designated States <input type="checkbox"/> all designated States except the United States of America <input type="checkbox"/> the United States of America only <input type="checkbox"/> the States indicated in the Supplemental Box	
<input type="checkbox"/> Further applicants and/or (further) inventors are indicated on a continuation sheet.	
Box No. IV AGENT OR COMMON REPRESENTATIVE; OR ADDRESS FOR CORRESPONDENCE	
The person identified below is hereby/has been appointed to act on behalf of the applicant(s) before the competent International Authorities as: <input checked="" type="checkbox"/> agent <input type="checkbox"/> common representative	
Name and address: (Family name followed by given name; for a legal entity, full official designation. The address must include postal code and name of country.)	
OSTFELD, David M. Chamberlain Hrdlicka White Williams & Martin 1200 Smith Street, Suite 1400 Houston, Texas 77002-4310 United States of America	
Telephone No. (713) 658-1818	Facsimile No. (713) 658-2553
Teleprinter No.	
Agent's registration No. with the Office 27,827	
<input type="checkbox"/> Address for correspondence: Mark this check-box where no agent or common representative is/has been appointed and the space above is used instead to indicate a special address to which correspondence should be sent.	

Box No. V DESIGNATION OF STATES

Mark the applicable check-boxes below; at least one must be marked.

The following designations are hereby made under Rule 4.9(a):

Regional Patent

- ☐ **AP ARIPO Patent:** GH Ghana, GM Gambia, KE Kenya, LS Lesotho, MW Malawi, MZ Mozambique, SD Sudan, SL Sierra Leone, SZ Swaziland, TZ United Republic of Tanzania, UG Uganda, ZM Zambia, ZW Zimbabwe, and any other State which is a Contracting State of the Harare Protocol and of the PCT (if other kind of protection or treatment desired, specify on dotted line)
- ☐ **EA Eurasian Patent:** AM Armenia, AZ Azerbaijan, BY Belarus, KG Kyrgyzstan, KZ Kazakhstan, MD Republic of Moldova, RU Russian Federation, TJ Tajikistan, TM Turkmenistan, and any other State which is a Contracting State of the Eurasian Patent Convention and of the PCT
- ☒ **EP European Patent:** AT Austria, BE Belgium, BG Bulgaria, CH & LI Switzerland and Liechtenstein, CY Cyprus, CZ Czech Republic, DE Germany, DK Denmark, EE Estonia, ES Spain, FI Finland, FR France, GB United Kingdom, GR Greece, IE Ireland, IT Italy, LU Luxembourg, MC Monaco, NL Netherlands, PT Portugal, SE Sweden, SI Slovenia, SK Slovakia, TR Turkey, and any other State which is a Contracting State of the European Patent Convention and of the PCT
- ☐ **OA OAPI Patent:** BF Burkina Faso, BJ Benin, CF Central African Republic, CG Congo, CI Côte d'Ivoire, CM Cameroon, GA Gabon, GN Guinea, GQ Equatorial Guinea, GW Guinea-Bissau, ML Mali, MR Mauritania, NE Niger, SN Senegal, TD Chad, TG Togo, and any other State which is a member State of OAPI and a Contracting State of the PCT (if other kind of protection or treatment desired, specify on dotted line)

National Patent (if other kind of protection or treatment desired, specify on dotted line):

- | | | |
|--|---|---|
| <input type="checkbox"/> AE United Arab Emirates | <input type="checkbox"/> GM Gambia | <input checked="" type="checkbox"/> NZ New Zealand |
| <input type="checkbox"/> AG Antigua and Barbuda | <input type="checkbox"/> HR Croatia | <input type="checkbox"/> OM Oman |
| <input type="checkbox"/> AL Albania | <input type="checkbox"/> HU Hungary | <input type="checkbox"/> PH Philippines |
| <input type="checkbox"/> AM Armenia | <input type="checkbox"/> ID Indonesia | <input type="checkbox"/> PL Poland |
| <input checked="" type="checkbox"/> AT Austria | <input type="checkbox"/> IL Israel | <input type="checkbox"/> PT Portugal |
| <input type="checkbox"/> AU Australia | <input type="checkbox"/> IN India | <input checked="" type="checkbox"/> RO Romania |
| <input type="checkbox"/> AZ Azerbaijan | <input type="checkbox"/> IS Iceland | <input checked="" type="checkbox"/> RU Russian Federation |
| <input type="checkbox"/> BA Bosnia and Herzegovina | <input checked="" type="checkbox"/> JP Japan | <input type="checkbox"/> SC Seychelles |
| <input type="checkbox"/> BB Barbados | <input type="checkbox"/> KE Kenya | <input type="checkbox"/> SD Sudan |
| <input type="checkbox"/> BG Bulgaria | <input type="checkbox"/> KG Kyrgyzstan | <input type="checkbox"/> SE Sweden |
| <input type="checkbox"/> BR Brazil | <input type="checkbox"/> KP Democratic People's Republic of Korea | <input checked="" type="checkbox"/> SG Singapore |
| <input type="checkbox"/> BY Belarus | <input type="checkbox"/> KR Republic of Korea | <input type="checkbox"/> SK Slovakia |
| <input type="checkbox"/> BZ Belize | <input type="checkbox"/> KZ Kazakhstan | <input type="checkbox"/> SL Sierra Leone |
| <input checked="" type="checkbox"/> CA Canada | <input type="checkbox"/> LC Saint Lucia | <input type="checkbox"/> TJ Tajikistan |
| <input type="checkbox"/> CH & LI Switzerland and Liechtenstein | <input type="checkbox"/> LK Sri Lanka | <input type="checkbox"/> TM Turkmenistan |
| <input type="checkbox"/> CN China | <input type="checkbox"/> LR Liberia | <input type="checkbox"/> TN Tunisia |
| <input type="checkbox"/> CO Colombia | <input type="checkbox"/> LS Lesotho | <input type="checkbox"/> TR Turkey |
| <input type="checkbox"/> CR Costa Rica | <input type="checkbox"/> LT Lithuania | <input type="checkbox"/> TT Trinidad and Tobago |
| <input checked="" type="checkbox"/> CU Cuba | <input type="checkbox"/> LU Luxembourg | <input type="checkbox"/> TZ United Republic of Tanzania |
| <input type="checkbox"/> CZ Czech Republic | <input type="checkbox"/> LV Latvia | <input checked="" type="checkbox"/> UA Ukraine |
| <input type="checkbox"/> DE Germany | <input checked="" type="checkbox"/> MA Morocco | <input type="checkbox"/> UG Uganda |
| <input type="checkbox"/> DK Denmark | <input type="checkbox"/> MD Republic of Moldova | <input checked="" type="checkbox"/> US United States of America |
| <input type="checkbox"/> DM Dominica | <input type="checkbox"/> MG Madagascar | <input type="checkbox"/> UZ Uzbekistan |
| <input type="checkbox"/> DZ Algeria | <input type="checkbox"/> MK The former Yugoslav Republic of Macedonia | <input type="checkbox"/> VC Saint Vincent and the Grenadines |
| <input type="checkbox"/> EC Ecuador | <input type="checkbox"/> MN Mongolia | <input type="checkbox"/> VN Viet Nam |
| <input type="checkbox"/> EE Estonia | <input type="checkbox"/> MW Malawi | <input type="checkbox"/> YU Yugoslavia |
| <input checked="" type="checkbox"/> ES Spain | <input checked="" type="checkbox"/> MX Mexico | <input checked="" type="checkbox"/> ZA South Africa |
| <input type="checkbox"/> FI Finland | <input type="checkbox"/> MZ Mozambique | <input type="checkbox"/> ZM Zambia |
| <input type="checkbox"/> GB United Kingdom | <input checked="" type="checkbox"/> NO Norway | <input type="checkbox"/> ZW Zimbabwe |
| <input type="checkbox"/> GD Grenada | | |
| <input type="checkbox"/> GE Georgia | | |
| <input type="checkbox"/> GH Ghana | | |

Check-boxes below reserved for designating States which have become party to the PCT after issuance of this sheet:

- | | | |
|--------------------------------|--------------------------------|--------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Precautionary Designation Statement: In addition to the designations made above, the applicant also makes under Rule 4.9(b) all other designations which would be permitted under the PCT except any designation(s) indicated in the Supplemental Box as being excluded from the scope of this statement. The applicant declares that those additional designations are subject to confirmation and that any designation which is not confirmed before the expiration of 15 months from the priority date is to be regarded as withdrawn by the applicant at the expiration of that time limit. (Confirmation (including fees) must reach the receiving Office within the 15-month time limit.)

Box No. VI PRIORITY CLAIM

PCT/RO/101 (third sheet) (July 2002; reprint January 2003)

The priority of the following earlier application(s) is hereby claimed:

Filing date of earlier application (day/month/year)	Number of earlier application	Where earlier application is:		
		national application: country or Member of WTO	regional application:* regional Office	international application: receiving Office
item (1) 19 June 2002 (19.06.02)	60/389,831	US		
item (2)				
item (3)				
item (4)				
item (5)				

☐ Further priority claims are indicated in the Supplemental Box.

The receiving Office is requested to prepare and transmit to the International Bureau a certified copy of the earlier application(s) (only if the earlier application was filed with the Office which for the purposes of this international application is the receiving Office) identified above as:

☒ all items ☐ item (1) ☐ item (2) ☐ item (3) ☐ item (4) ☐ item (5) ☐ other, see Supplemental Box

* Where the earlier application is an ARIPO application, indicate at least one country party to the Paris Convention for the Protection of Industrial Property or one Member of the World Trade Organization for which that earlier application was filed (Rule 4.10(b)(ii)):

Box No. VII INTERNATIONAL SEARCHING AUTHORITY

Choice of International Searching Authority (ISA) (if two or more International Searching Authorities are competent to carry out the international search, indicate the Authority chosen; the two-letter code may be used):

ISA / US

Request to use results of earlier search; reference to that search (if an earlier search has been carried out by or requested from the International Searching Authority):

Date (day/month/year)

Number

Country (or regional Office)

Box No. VIII DECLARATIONS

The following declarations are contained in Boxes Nos. VIII (i) to (v) (mark the applicable check-boxes below and indicate in the right column the number of each type of declaration):

Number of
declarations

- | | | |
|---|--|---|
| <input type="checkbox"/> Box No. VIII (i) | Declaration as to the identity of the inventor | : |
| <input type="checkbox"/> Box No. VIII (ii) | Declaration as to the applicant's entitlement, as at the international filing date, to apply for and be granted a patent | : |
| <input type="checkbox"/> Box No. VIII (iii) | Declaration as to the applicant's entitlement, as at the international filing date, to claim the priority of the earlier application | : |
| <input type="checkbox"/> Box No. VIII (iv) | Declaration of inventorship (only for the purposes of the designation of the United States of America) | : |
| <input type="checkbox"/> Box No. VIII (v) | Declaration as to non-prejudicial disclosures or exceptions to lack of novelty | : |

PCT/US03/19093

Box No. IX CHECK LIST; LANGUAGE OF FILING

This international application contains:

(a) in paper form, the following number of sheets:

request (including declaration sheets) : 4
 description (excluding sequence listings and/or tables related thereto) : 13
 claims : 3
 abstract : 1
 drawings : 23

Sub-total number of sheets : 44

sequence listings :

tables related thereto :

(for both, actual number of sheets if filed in paper form, whether or not also filed in computer readable form; see (c) below)

Total number of sheets : 44

(b) ☐ only in computer readable form (Section 801(a)(i))(i) ☐ sequence listings(ii) ☐ tables related thereto(c) ☐ also in computer readable form (Section 801(a)(ii))(i) ☐ sequence listings(ii) ☐ tables related thereto

Type and number of carriers (diskette, CD-ROM, CD-R or other) on which are contained the

☐ sequence listings:☐ tables related thereto:

(additional copies to be indicated under items 9(ii) and/or 10(ii), in right column)

This international application is accompanied by the following item(s) (mark the applicable check-boxes below and indicate in right column the number of each item):

Number of items

1. ☒ fee calculation sheet : 1
2. ☒ original separate power of attorney : 1
3. ☐ original general power of attorney :
4. ☐ copy of general power of attorney; reference number, if any:
5. ☐ statement explaining lack of signature :
6. ☐ priority document(s) identified in Box No. VI as item(s):
7. ☐ translation of international application into (language):
8. ☐ separate indications concerning deposited microorganism or other biological material :
9. ☐ sequence listings in computer readable form (indicate type and number of carriers)
 - (i) ☐ copy submitted for the purposes of international search under Rule 13ter only (and not as part of the international application) :
 - (ii) ☐ (only where check-box (b)(i) or (c)(i) is marked in left column) additional copies including, where applicable, the copy for the purposes of international search under Rule 13ter :
 - (iii) ☐ together with relevant statement as to the identity of the copy or copies with the sequence listings mentioned in left column :
10. ☐ tables in computer readable form related to sequence listings (indicate type and number of carriers)
 - (i) ☐ copy submitted for the purposes of international search under Section 802(b-quater) only (and not as part of the international application) :
 - (ii) ☐ (only where check-box (b)(ii) or (c)(ii) is marked in left column) additional copies including, where applicable, the copy for the purposes of international search under Section 802(b-quater) :
 - (iii) ☐ together with relevant statement as to the identity of the copy or copies with the tables mentioned in left column :
11. ☐ other (specify):

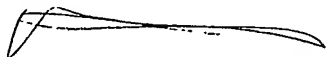
Figure of the drawings which should accompany the abstract:

Language of filing of the international application:

English

Box No. X SIGNATURE OF APPLICANT, AGENT OR COMMON REPRESENTATIVE

Next to each signature, indicate the name of the person signing and the capacity in which the person signs (if such capacity is not obvious from reading the request).



David M. Ostfeld, Authorized Agent

(18.06.03)

1. Date of actual receipt of the purported international application:		2. Drawings: <input type="checkbox"/> received: <input type="checkbox"/> not received:
3. Corrected date of actual receipt due to later but timely received papers or drawings completing the purported international application:		
4. Date of timely receipt of the required corrections under PCT Article 11(2):		
5. International Searching Authority (if two or more are competent): ISA / us	6. <input type="checkbox"/> Transmittal of search copy delayed until search fee is paid	

For International Bureau use only

Date of receipt of the record copy by the International Bureau:

This sheet is not part of and does not count as a sheet of the international application.

PCT

FEE CALCULATION SHEET

Annex to the Request

For receiving Office use only

International Application No. 03/19093

(18.06.03)

Date stamp of the receiving Office RO/US 18 JUN 2003

Applicant's or agent's
file reference

003448-00

Applicant

NICHOLS, Evelyn

CALCULATION OF PRESCRIBED FEES

1. TRANSMITTAL FEE 240 T

2. SEARCH FEE 700 S

International search to be carried out by US
(If two or more International Searching Authorities are competent to carry out the international search, indicate the name of the Authority which is chosen to carry out the international search.)

3. INTERNATIONAL FEE

Basic Fee

Where items (b) and/or (c) of Box No. IX apply, enter Sub-total number of sheets } 44

Where items (b) and (c) of Box No. IX do not apply, enter Total number of sheets }

b1 first 30 sheets 476 b1

b2 14 x 12 = 168 b2
number of sheets in excess of 30 fee per sheet

b3 additional component (only if sequence listings and/or tables related thereto are filed in computer readable form under Section 801(a)(i), or both in that form and on paper, under Section 801(a)(ii)):

400 x fee per sheet = b3

Add amounts entered at b1, b2 and b3 and enter total at B 644 B

Designation Fees

The international application contains 15 designations.

5 x 104 = 520 D
number of designation fees payable (maximum 5) amount of designation fee

Add amounts entered at B and D and enter total at I 1164 I

(Applicants from certain States are entitled to a reduction of 75% of the international fee. Where the applicant is (or all applicants are) so entitled, the total to be entered at I is 25% of the sum of the amounts entered at B and D.)

4. FEE FOR PRIORITY DOCUMENT (if applicable) 20 P

5. TOTAL FEES PAYABLE 2124

Add amounts entered at T, S, I and P, and enter total in the TOTAL box

TOTAL

☐ The designation fees are not paid at this time.

MODE OF PAYMENT

☒ authorization to charge deposit account (see below) ☐ postal money order ☐ cash ☐ coupons
☐ cheque ☐ bank draft ☐ revenue stamps ☐ other (specify):

AUTHORIZATION TO CHARGE (OR CREDIT) DEPOSIT ACCOUNT

(This mode of payment may not be available at all receiving Offices)

☒ Authorization to charge the total fees indicated above.
☒ (This check-box may be marked only if the conditions for deposit accounts of the receiving Office so permit) Authorization to charge any deficiency or credit any overpayment in the total fees indicated above.
☐ Authorization to charge the fee for priority document.

Receiving Office: RO/ US

Deposit Account No.: 15-0697

Date: June 18, 2003

Name: David M. Ostfeld

Signature:

06/17/03 13:02 /13-656-2553

CHAMBERLAIN

PAGE 05/05

PCT

POWER OF ATTORNEY

(for an international application filed under the Patent Cooperation Treaty)

(PCT Rule 90.4)

The undersigned applicant(s) (Names should be indicated as they appear in the request):

Evelyn Nichols

hereby appoints (appoint) the following person as:



agent



common representative

Name and address

(Family name followed by given name; for a legal entity, full official designation. The address must include postal code and name of country.)

David M. Ostfeld
Chamberlain, Hrdlicka, White, Williams & Martin
1200 Smith Street, Suite 1400
Houston, Texas 77002
United States of America

to represent the undersigned before



all the competent International Authorities



the International Searching Authority only



the International Preliminary Examining Authority only

in connection with the international application identified below:

Title of the invention: Mortgage Financing System

Applicant's or agent's file reference:

International application number (if already available):

filed with the following Office United States Patent and Trademark Office as receiving Office
and to make or receive payments on behalf of the undersigned.

Signature of the applicant(s) (where there are several applicants, each of them must sign; next to each signature, indicate the name of the person signing and the capacity in which the person signs, if such capacity is not obvious from reading the request or this power);


Evelyn Nichols

Date:

6-17-2003

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICANT: EVELYN NICHOLS

SERIAL NO.:

FILED: JUNE 18, 2003

FOR: MORTGAGE FINANCING SYSTEM

§
§
§
§
§
§

GROUP ART UNIT:

EXAMINER:

<u>CERTIFICATE OF MAIL BY EXPRESS MAIL</u>	
<u>EL547416225US</u>	<u>June 18, 2003</u>
Express Mail No.	Date of Deposit
I hereby certify that this paper or fee is being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 35 C.F.R. §1.10 on the date indicated above and is addressed to:	
Mail Stop PCT Commissioner for Patents P. O. Box 1450 Alexandria, VA 22313-1450	
By: <u>Yvonne R. Simera</u>	<u>June 18, 2003</u>
	Date of Signature

TRANSMITTAL OF APPLICATIONMail Stop PCT
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450Date: June 18, 2003
Docket No.: 003448-00

Sir:

Enclosed please find a PCT Application to be filed with the Office.

Please send all future correspondence regarding the above-referenced application to the undersigned at the address appearing below.



Please charge any fees still remaining to Deposit Account Number 15-0697 of David Ostfeld,

P.C.

Respectfully submitted,

David M. Ostfeld
Reg. No. 27,827
Chamberlain, Hrdlicka, White
Williams & Martin
1200 Smith Street, Suite 1400
Houston, Texas 77002-4310
(713) 658-1818

PCT/US03/19093

PCT
New International Application
Inventory of Unscannable or Missing
Items

Serial Number **PCT/US 03/19093**

Check This Column if Item Is Present	Item	Check This Column if Item Is Missing on Filing
<input checked="" type="checkbox"/>	Return Receipt Postcard	
	Check (amount \$ _____)	_____
	PCT EASY Diskette	
	DNA Diskette	
	Exhibit	
	Express Mail Label or Envelope	
<input checked="" type="checkbox"/>	Applicant Supplied Priority Document	
	Other (specify)	XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX
XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX	Cover Letter	
XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX XXXXXXXXXXXXX	Other Paper	

UNITED STATES RECEIVING OFFICE(RO/US) FEE CODING AND RECORDING SHEET										<input type="checkbox"/> ADDL SHEETS	
IDENTIFICATION OF THE INTERNATIONAL APPLICATION											
INTERNATIONAL APPLICATION NUMBER						INTERNATIONAL FILING DATE					
APPLICANT (NAME)											
PAYMENTS						REFUNDS					
Payment on Filing				Deposit Amount		Deposit Amount		To Deposit Amount		To Deposit Amount	
Deposit Amount				DATE		DATE		DATE		DATE	
<input type="checkbox"/> CASH/CHECK				<input type="checkbox"/> CASH/CHECK		<input type="checkbox"/> CASH/CHECK		<input type="checkbox"/> BY CHECK		<input type="checkbox"/> BY CHECK	
100								100			
101											
102											
103											
104											
105											
106											
107											
108											
109											
110											
Total Paid:				Total Paid:				Total Refunded:			
Total Refunded:				Total Refunded:				Total Refunded:			
Status included for 893:				893:		893:					

05/30/2000 10:00:00 00000000 19093 PCT/US03/19093

01 FC:1601	250.00 DA
02 FC:1602	700.00 DA
03 FC:1702	475.00 DA
04 FC:1703	153.00 DA
05 FC:1707	320.00 DA
06 FC:3007	30.00 DA

RO/US Authorization	RO/US Authorization	RO/US Authorization	RO/US Authorization	RO/US Authorization

MORTGAGE FINANCING SYSTEM

1. TECHNICAL FIELD

5 The present invention relates generally to loan and mortgage financing. More specifically, a method for providing mortgage financing to a borrower while additionally creating the opportunity for the borrower to invest in a range of investment vehicles is disclosed.

2. BACKGROUND OF THE INVENTION

10 The present invention is a method for providing mortgage financing to a borrower while additionally creating the opportunity for the borrower to invest in their long and short-term financial security.

15 There are a number of traditional mortgage systems. For example, in a Fixed Rate Mortgage Program, a borrower repays the amount of the mortgage loan in monthly mortgage payments for the term of the loan. Since the borrower's monthly mortgage payments are fixed, the borrower can expect to make the same monthly payment for the entire term of the loan.

20 In an Adjustable Rate Mortgage, the mortgage loan has a "low" starting interest rate. The "low" starting interest rate is used to calculate the mortgage payment for a specified period of time. Once the specified period of time is over, the interest rate is adjusted. The interest rate is adjusted by adding a set margin, which is determined by the lender, to an interest rate selected from any one of a variety of interest-rate indexes.

25 Some companies have implemented a system wherein a potential borrower receives a mortgage loan equaling 100% or the real estate cost. However, these 100% mortgage loans often involve a number of restrictions, thereby precluding potential borrowers from qualifying for the 100% mortgage loan. Potential borrowers may be required to meet certain requirements in order to qualify for the 100% mortgage loan, including having an income lower than a certain set amount, working in a specific profession, or living within a certain distance of a city or town.



England has implemented a system called a Modified Endowment Mortgage. The focus of this system is to pay off the borrower's mortgage at the end of the loan term. During the term of the loan, the borrower pays the interest accruing on the mortgage. Any payment that would have been applied to the mortgage principal is instead funneled into a vehicle earning interest. The idea is that the vehicle earning interest will accumulate enough money by the end of the loan term to pay off the entire principal amount of the mortgage. However, if the interest rates are low during the loan term, the vehicle earning interest may not accrue enough money to fully pay the principal amount of the mortgage at the end of the loan term. If this occurs, the homeowner must funnel additional money into the vehicle earning interest in order to pay the mortgage principal at the end of the loan term.

American companies tried to implement an American version of England's Modified Endowment Mortgage system. However, the American version of the Modified Endowment Mortgage system may be considered prohibitive because U.S. tax laws vary from English tax laws. Under U.S. tax laws, the English Modified Endowment Mortgage system may be considered "double-dipping," meaning that borrower's gain tax write-offs for both their monthly interest payment and for interest accruing from the vehicle earning interest. Because "double-dipping" may violate U.S. tax laws, the American version of the English Modified Endowment Mortgage system has not been widely marketed.

3. SUMMARY OF THE INVENTION

The present invention is a method for providing mortgage financing to a borrower while additionally creating the opportunity for the borrower to invest in their long and short-term financial security.

The method of the present invention creates financially healthy borrowers while reducing the risk of today's mortgage lending practices. Additionally, the method of the present invention supplements and builds a retirement income for borrowers.

The method of the present invention provides for a collateral investment in an investment vehicle by having a loan amount approved for a principal amount and an investment amount, providing the principal amount to a seller of real estate applying the investment amount

to purchase one or more investment vehicles, making periodic payments towards the loan amount, and thereby concurrently accumulating equity in the real estate and an interest in the investment vehicles. Advantageously, the system may be administered by a system practitioner who may also act as a lender. Further, the loan may be forwarded to an escrow agent, who, upon transfer of the real estate, forwards the funds for the purchase of the real estate to the seller and the remainder to an Investment Entity for the purchase of Investment Vehicles.

The foregoing and other objectives, features, and advantages of the invention will be more readily understood upon consideration of the following detailed description of the invention, taken in conjunction with the accompanying drawings.

4. BRIEF DESCRIPTION OF THE DRAWINGS

FIG. 1 is a table, which compares, by way of example, the mortgage financing system of the present invention (the Rapid Equity Builder™ Mortgage System) with a conventional loan.

FIG. 2 is a graph, which compares, by way of example, interaction of a mortgage payment schedule and life policy according to the present invention.

FIG. 3 is a graph, which compares, by way of example, the loan to value ratio of the present invention and a conventional mortgage.

FIG. 4 is a graph, which compares, by way of example, the performance of the present invention with a conventional mortgage.

FIG. 5 is a table, which compares, by way of example, the performance of the present invention with a conventional mortgage both with a policy and without.

FIG. 6 is a table summary, which compares, by way of example, the performance of the present invention with a conventional mortgage.

FIG. 7 is an example assignment of life insurance policy as collateral.

FIG. 8 is a table summarizing, by way of example, the effect of an annuity funded life insurance policy according to the present invention.

FIG. 9 is an example of a loan schedule with a principal amount of \$204,000 according to the present invention.

FIG. 10 is a table of an example of loan data with a principal amount of \$204,000 according to the present invention.

5 FIG. 11 is an example of a loan schedule with a principal amount of \$170,000 according to the present invention.

FIG. 12 is a table of an example of loan data with a principal amount \$170,000 according to the present invention.

10 FIG. 13 is an example of a loan schedule with a principal amount of \$34,000 according to the present invention.

FIG. 14 is a table of an example of loan data with a principal amount of \$34,000 according to the present invention.

FIG. 15 is an example of a loan schedule with a principal amount of \$161,500 according to the present invention.

15 FIG. 16 is a table of an example of loan data with a principal amount of \$161,500 according to the present invention.

FIG. 17 illustrates a life insurance policy.

FIG. 18 illustrates a life insurance policy.

20 FIG. 19 is a schematic diagram of a mortgage with the principles of the present invention.

FIG. 20 is a schematic diagram of a mortgage financing system in accord with one preferred embodiment of the principles of the present invention.

5. BEST MODE(S) FOR CARRYING OUT THE INVENTION

The present invention is a method for providing mortgage financing to a borrower while additionally creating the opportunity for the borrower to invest in their long and short-term financial security. The borrower is also assisted in building financial strength to meet unforeseen influences such as illness, loss of job, or market trends that could threaten the loss of their home.

In the present invention, a potential borrower identifies real estate that the potential borrower would like to purchase. The potential borrower then applies for a mortgage loan from an entity employing the principles of the present invention. The entity employing the principles of the present invention may be a company, an individual, a bank, a mortgage company, a lender, an originator of mortgage loans, or a mortgage investor (hereinafter referred to as "System Practitioner").

In applying for a mortgage loan from a System Practitioner, the potential borrower fills out a mortgage loan application. The mortgage loan application may be structured as a traditional mortgage loan application commonly known and used in the mortgage industry. As will be further discussed below, depending on how the potential borrower would like to invest in their long or short-term financial security ("Investment Vehicles"), a potential borrower may also fill out other types of applications. For example, if a potential borrower would like to purchase a life-insurance policy as an Investment Vehicle, the borrower may be required to fill out a life-insurance application. The life-insurance application would be one commonly known and used in the insurance industry.

If the potential borrowers mortgage loan application is approved, funds to cover both the cost of the real estate and the cost of the Investment Vehicles may be provided ("mortgage loan principal amount"). Standards for determining whether a mortgage loan application is approved, may be determined by the System Practitioner or by systems or methods commonly used in the mortgage industry. For example, a System Practitioner may require a credit report, a personal history report of the borrower, or a physical examination of the borrower.

For purposes of the present invention, funds provided to the potential borrower may vary based on the cost of the real estate, the cost of the Investment Vehicles, the potential borrower's financial situation, types of Investment Vehicles, or down payment provided by the potential borrower.

In one preferred embodiment, the System Practitioner may provide the funds to cover the mortgage loan principal amount. If the System Practitioner is the entity providing the funds, then the System Practitioner will forward the funds to an escrow practitioner or other similar company (collectively referred to as "escrow practitioner"). In another preferred embodiment, the System Practitioner may work through a bank or other lender (collectively referred to as "Lenders") to secure the funds to cover the mortgage loan principal amount. If the Lender is the entity providing the funds, then the Lender will forward the funds to the escrow practitioner.

The day that a real estate transaction is finalized, thereby transferring the real estate from the seller of the real estate to the borrower, is commonly referred to in the real estate industry as the "escrow closing" day. On the day of escrow closing, the principal amount of the real estate is forwarded by the escrow practitioner to the seller of the real estate for payment of the principal amount of the real estate. The remaining funds held by the escrow practitioner are forwarded to a pre-determined entity or entities to purchase the Investment Vehicles.

The Investment Vehicles are purchased in the name of the borrower and are held by the entity funding the mortgage loan principal amount, which may be either the System Practitioner or the Lender. The System Practitioner or Lender holds the Investment Vehicles as collateral. Examples of the various Investment Vehicles that may be purchased in the name of the borrower, either singularly or in combinations, include:

- Annuities
- Single Premium Immediate Annuities
- Universal Life Policies
- Certificates of Deposit
- Guaranteed Interest Contracts
- Mutual Funds
- Savings Accounts
- Zero Coupon Bonds
- Municipal Bonds
- Variable Life Policies
- Whole Life Policies.
- Any other investment whereby a borrower may invest in their long-term or short-term financial security.

During the loan term, which is a specified period of time that may be set by the borrower, System Practitioner, or Lender, the borrower provides mortgage payments to the entity funding the mortgage loan, which may be either the System Practitioner or the Lender. The mortgage loan payments submitted by the borrower pay both the mortgage loan principal amount and the interest accruing on the mortgage loan principal amount.

FIG. 1 is a table, which compares, by way of example, the mortgage financing system of the present invention (the Rapid Equity Builder™ Mortgage System) with a conventional loan. FIG. 2 is a graph, which compares, by way of example, interaction of a mortgage payment schedule and life policy according to the present invention. FIG. 3 is a graph, which compares, by way of example, the loan to value ratio of the present invention and a conventional mortgage. FIG. 4 is a graph, which compares, by way of example, the performance of the present invention with a conventional mortgage. FIG. 5 is a table, which compares, by way of example, the performance of the present invention with a conventional mortgage both with a policy and without. FIG. 6 is a table summary, which compares, by way of example, the performance of the present invention with a conventional mortgage. FIG. 7 is an example assignment of life insurance policy as collateral. FIG. 8 is a table summarizing, by way of example, the effect of an annuity funded life insurance policy according to the present invention. FIG. 9 is an example of a loan schedule with a principal amount of \$204,000 according to the present invention. FIG. 10 is a table of an example of loan data with a principal amount of \$204,000 according to the present invention. FIG. 11 is an example of a loan schedule with a principal amount of \$170,000 according to the present invention. FIG. 12 is a table of an example of loan data with a principal amount \$170,000 according to the present invention. FIG. 13 is an example of a loan schedule with a principal amount of \$34,000 according to the present invention. FIG. 14 is a table of an example of loan data with a principal amount of \$34,000 according to the present invention. FIG. 15 is an example of a loan schedule with a principal amount of \$161,500 according to the present invention. FIG. 16 is a table of an example of loan data with a principal amount of \$161,500 according to the present invention. FIG. 17 illustrates a life insurance policy. FIG. 18 illustrates a life insurance policy. FIG's 19 and 20 are schematic diagrams of the mortgage financing system in accordance with the present invention. FIG. 19 is a schematic diagram of a mortgage with the principles of the present invention. FIG. 20 is a schematic diagram of a mortgage financing system in accord with one preferred embodiment of the principles of the present invention. Specifically, FIG. 20 shows the use of the mortgage loan

to pay both the seller, and purchase an annuity which in turn covers the premium of an insurance policy.

Optimally, at the end of the loan term, the borrower has paid off the mortgage loan and is left with a fully paid Investment Vehicle and full ownership interest and rights in the real estate.

An example of one preferred embodiment of the present invention:

- A potential borrower would like to purchase a piece of real estate valued at One Hundred and Seventy Thousand Dollar (\$170,000.00).
- The potential borrower fills out a mortgage loan application. Additionally, the potential borrower fills out a life insurance policy application with an insurance company. Both the life insurance policy application and mortgage loan application may be reviewed according to standards used in the insurance and mortgage industries.
- If the life insurance policy application and mortgage loan application are approved, the System Practitioner funds the potential borrower with a mortgage loan principal amount equal to 120% of the purchase price. This would equal a mortgage loan principal amount totaling \$170,000 (100% of purchase price) + \$34,000 (20% of purchase price) = Two Hundred and Four Thousand Dollars (\$204,000). For purposes of this example, and as will be further discussed below, the borrower may also be, at this time, "locked in" to an annuity percentage rate according to standards employed in the insurance industry.
- The funds for the mortgage loan principal amount are forwarded to an escrow practitioner. On the day of escrow closing, the escrow practitioner forwards to the insurance company funds totaling \$34,000. In like manner, the escrow practitioner forwards funds totaling \$170,000 to the seller of the real estate for payment of the principal amount of the real estate.
- The insurance company takes the \$34,000 and purchases, in the borrower's name, at least two Investment Vehicles.
 - Investment Vehicle No. 1 is an annual cash-bearing instrument. In this example, the annual cash-bearing instrument is a single premium

immediate annuity. The single premium immediate annuity is purchased in the name of the borrower, with the \$34,000 forwarded to the insurance company by the escrow practitioner. The single premium immediate annuity is preferably purchased on escrow closing day and has a percentage rate that was locked in after the borrower was approved for the mortgage loan principal amount and life insurance policy. The first annuity payment is provided the same day the single premium immediate annuity is purchased in the name of the borrower. The first annuity payment is then used to pay the first premium of the life insurance policy, which is further discussed below. Preferably, the annuity payments will be spread out over at least a 4-year period, with each annuity payment being used to pay the premiums of the life insurance policy.

• Investment Vehicle No. 2 is a life insurance policy funded from the payments received from Investment Vehicle No. 1. In a preferred embodiment, the life insurance policy is fully paid in at least 7 years.

◦ During the mortgage loan term, the borrower provides mortgage loan principal payments to the System Practitioner to pay off the mortgage loan. These payments are applied to both the mortgage loan principal (which in this example is \$204,000) amount and the interest accumulating from the mortgage principal amount.

• At the end of the mortgage loan term, the borrower will preferably have paid off the mortgage loan principal and the interest accumulated from the mortgage loan principal balance. The borrower will own, unencumbered, Investment Vehicle No. 2, which in this example, is a life insurance policy.

This system may be beneficial to parties other than the borrowers who are involved in the transaction. For example:

• Lender or System Practitioner's rights: The Investment Vehicles, while purchased in the name of the borrower, are held by the entity funding the mortgage loan principal amount, which may be either the System Practitioner or Lender. The System Practitioner or Lender has rights in the Investment Vehicles as collateral until the mortgage loan and the interest accumulated from the mortgage principal amount has been fully paid to the Lender or System Practitioner.

The benefits and industrial applicability of the mortgage system of the present invention, to the borrower, may include:

- Fast equity build-up. The borrower may build equity in two ways. First, with the mortgage payments reducing the mortgage principal balance, and second, with the yield of the Investment Vehicles.
- In a preferred embodiment, a bi-weekly mortgage payment schedule is utilized. A bi-weekly mortgage loan payment schedule provides more payments against the mortgage loan balance than a monthly mortgage loan payment schedule, thereby reducing the mortgage loan principal more rapidly than if a monthly mortgage loan payment is used.
- Investment Vehicles may be transferred from real estate to real estate as collateral.
- Investment Vehicles may be able to cover any shortfalls if the borrower sells the real estate.
- Preferably, if private mortgage insurance is used, the private mortgage insurance is lender-based private mortgage insurance that is worked into the mortgage loan. Lender-based private mortgage insurance may save the borrower money in non-tax deductible dollars.
- If an emergency occurs and the borrower is unable to maintain the mortgage loan payment schedule, the entity funding the mortgage loan principal amount, which may be either the Lender or System Practitioner may withdraw or sell Investment Vehicles in order to maintain mortgage payments and avoid forfeiture of the real estate.
- The borrower may increase the amount of money placed into Investment Vehicles, which may accelerate the growth of the Investment Vehicles and may allow the borrower to pay off the mortgage loan at an earlier date.
- No down payment is required.
- An early pay-out option. Rapid reduction of the loan through bi-weekly payments, plus the growth of the insurance policy's cash value, gives the borrower the option to pay off the mortgage balance in the seventeenth year.

The benefits of the mortgage system of the present invention, to the System Practitioner may include:

- Higher yields over conventional "A" paper.
- The mortgage financing system of the present invention does not affect the already secured portfolios of borrowers.
- Investment Vehicles are used as collateral and therefore, exposure to risks such as forfeiture, property devaluation (depreciation), or borrowers being unable to pay mortgage loan payments is reduced.
- If a bi-weekly payment plan is used, the cumulative effects of the bi-weekly payments rapidly reduce the mortgage loan. The growth of Investment Vehicles build up equity at an accelerated rate.
- In case of a temporary interruption of income from the borrower, the entity funding the mortgage loan principal amount, which may be either the Lender or System Practitioner, has a secure source of income from Investment Vehicles in order to receive mortgage loan payments. The entity funding the mortgage loan principal amount, which may be either the Lender or System Practitioner, has rights in the Investment Vehicles as collateral.
- The borrower will likely do repeat business with the System Practitioner since the borrower may transfer Investment Vehicles as collateral for the borrower's next real estate purchase.

The benefits of the mortgage system of the present invention, to the mortgage investor or Lender may include:

- Higher yields over conventional "A" paper (potentially 75 to 100 basis points over conventional "A" paper).
- Increased loan volume. The present invention is likely to attract new borrowers, from the first time homebuyers to high-income professionals with 700+ credit scores, financial plans, and solid performing investments that do not want to interrupt their portfolios to purchase a home.
- Additional security. The use of Investment Vehicles such as an annuity and insurance policy as collateral reduces the risk exposure to the Lender.
- Faster equity build-up and reduced risk. The cumulative effects of the bi-weekly payments rapidly reducing the mortgage principal balance and the

growth of the insurance policy cash value builds up equity at an accelerated rate. The loan according to the present invention reaches 60% loan to value by the eighth year.

- Protection payment interruption. In case of a temporary interruption of income from the borrower or homeowner, the mortgage investor or Lender has a secure source of funds from the insurance policy or other Investment Vehicles to continue mortgage payments.
- Life-long borrowers are generated. The Lender or mortgage investor will have the borrower or homeowner as a client whom will do repeat business by transferring their insurance policy or other Investment Vehicles as collateral for their next home purchase.

The benefits of the mortgage system of the present invention, in creating 15 cross-selling opportunities, may include:

- Increased policy sales. Adding a waiver of premiums and any number of various riders augments the attraction of the present invention.
- Longer persistency ratios. Because the policy is paid in full up front, the policy's persistence ratio increases, which in turn creates higher revenue.
- Financial planning opportunities. The present invention creates the atmosphere for cross-selling opportunities such as municipal bonds, mutual funds, certificates of deposits, annuities, additional personal loans and other opportunities.
- Developing total financial planning opportunities. The present invention creates the opportunity to assist the borrower or homeowner in reaching personal financial goals.

The terms and expressions that have been employed in the foregoing specification are used as terms of description and not of limitation, and are not intended to exclude equivalents

of the features shown and described or portions of them. The scope of the invention is defined and limited only by the claims that follow.

WHAT IS CLAIMED IS:

1. A method for providing mortgage financing to a borrower comprising:

- a. identifying real estate;
- 5 b. applying for mortgage loan;
- c. having said mortgage loan application approved;
- d. receiving a mortgage loan principal amount to cover cost of said real estate and at least one investment vehicle;
- 10 e. forwarding funds equivalent to said cost of said real estate from said mortgage loan principal amount to said seller;
- f. purchasing at least one investment vehicle with funds from said mortgage loan principal amount;
- g. providing mortgage payments for a loan term; and
- 15 h. receiving full ownership interest in said at least one investment vehicle and said real estate.

2. The method of claim 1 further comprising the step of holding said at least one investment vehicle as collateral against said mortgage loan prior to step (h).

20 3. The method of claim 2 wherein said collateral is held by a lender.

4. The method of claim 3 wherein said lender is a system practitioner.

25 5. The method of claim 2 further comprising the step of making periodic payments against said mortgage loan.

6. The method of claim 5 wherein when unable to make said periodic payments, funds are applied from said at least one investment vehicle to said mortgage loan equal to said periodic payment.

30 7. A method of implementing a loan repayment plan, which comprises:
a. determining a principal loan amount to be provided to a borrower;

- b. determining an additional loan amount to be provided to a borrower;
- c. determining a repayment term;
- d. providing said principal amount;
- e. providing said additional loan amount to an investment entity;
- 5 f. purchasing at least one investment vehicle with funds from said additional loan amount;
- g. providing loan repayment increments during said repayment term; and
- h. receiving an interest in said at least one investment.

- 10 8. The method of claim 7 wherein said loan is a real estate mortgage.
- 9. The method of claim 8 wherein a lender supplies said principal loan amount and said additional loan amount.
- 15 10. The method of claim 9 wherein said lender takes an interest in said at least one investment vehicle as collateral against said real estate mortgage.
- 11. The method of claim 9 comprising the step of a system practitioner collecting application criteria from a borrower prior to step (c).
- 20 12. The method of claim 11 further comprising the step of said system practitioner providing said principal loan and said additional loan amount to an escrow entity prior to step (f).
- 13. The method of claim 12 further comprising the step of said escrow entity providing said loan amount to a seller and said additional loan amount to said investment entity.
- 25 14. The method of claim 13 wherein said investment entity is said system practitioner.
- 15. The method of claim 13 wherein said investment entity is a financial institution not related to said system practitioner.
- 30



16. The method of claim 7 wherein said investment vehicle is one of: an annuity; a single premium immediate annuity; a universal life policy; a certificate of deposit; a guaranteed interest contract; a mutual fund; a savings account; a zero coupon bond; a municipal bond; a variable life policy; a whole life policy; a financial security investment.
- 5
17. The method of claim 7 wherein said additional loan amount is substantially 20 percent of said principal loan amount.
18. A method of mortgaging real estate which provides for a collateral investment in an investment vehicle comprised substantially of the steps of having a loan amount approved for a principal amount and an investment amount; providing said principal amount to a seller of said real estate; applying said investment amount to purchase at least one investment vehicle; making periodic payments towards said loan amount, thereby concurrently accumulating equity in said real estate and an interest in said at least one investment vehicle.
- 10
- 15
19. The method of claim 18 further comprising a first and second investment vehicle, wherein said first investment vehicle is an annuity, and said second investment vehicle is an insurance policy.
- 20
20. The method of claim 19 further comprising the steps of purchasing said annuity, followed by applying said insurance policy, thereby providing security for said loan amount.

**ABSTRACT**

5 The present invention is a method for providing mortgage financing to a borrower while additionally creating the opportunity for the borrower to invest in their long and short-term financial security. In real estate purchase, a mortgage is extended for greater than the real estate purchase price. The surplus amount is applied against at least one investment vehicle, so that after the periodic payments are completed, the borrower has equity in real estate and an interest in at least one investment vehicle. The investment vehicle provides security for the mortgage.

**Rapid Equity Builder
vs
95% Conventional Mortgage
with Monthly Policy Premiums**

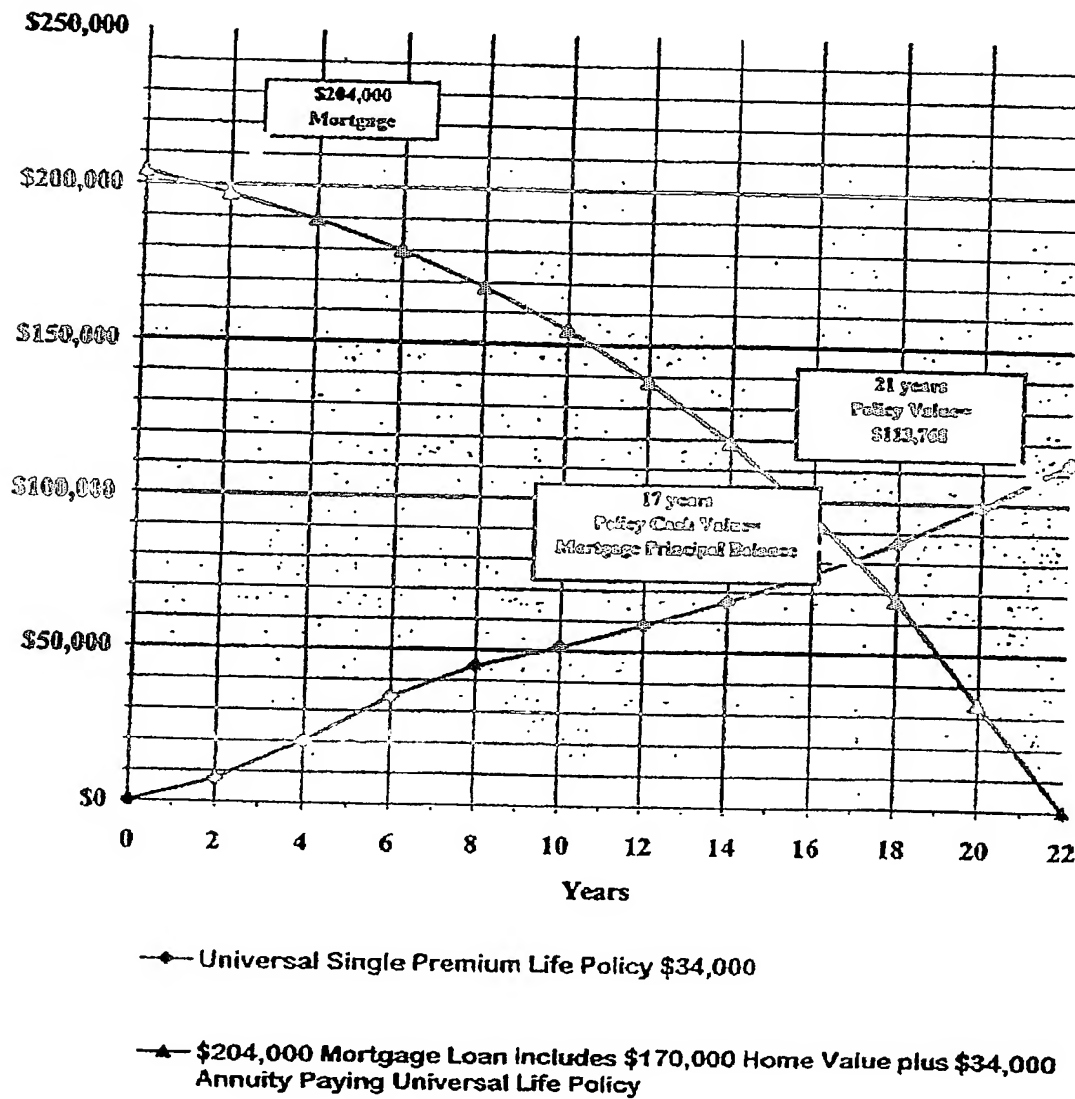
40 Year Old Male

	<u>Rapid Equity Builder</u>	<u>95% Conventional Loan</u>
Home Purchase	\$170,000	\$170,000
Down Payment	0	8,500
Annuity	34,000	0
Mortgage Amount	204,000	161,500
Interest Rate	9%	8%
Term	30 yr	30yr
Payment Method	Bi-Weekly	Monthly
Monthly Payments	820 (x2)	1,185
Monthly Insurance Premiums	0	121
Monthly PMI Payment	0	105
Total Principal and Interest	<465,679>	<428,610>
Down Payment	0	<8,500>
Estimated Closing Cost	<5,000>	<5,000>
Total PMI \$105 x 11yrs = 80% LTV	0	<13,860>
Total Insurance Premiums 21 years	0	<47,784>
Less Policy Net Surrender Value 21st Year *non-guarantee	<u>113,768</u>	<u>73,999</u>
Cost to Homeowner	<356,911>	<413,895>
Cash Savings Provided by REB		<u>\$56,984</u>

1/23

FIG. 1

**Universal Life Policy Net Surrender Value
Integrated with
30 year Bi-weekly Mortgage Schedule
40 year old male**



2/23

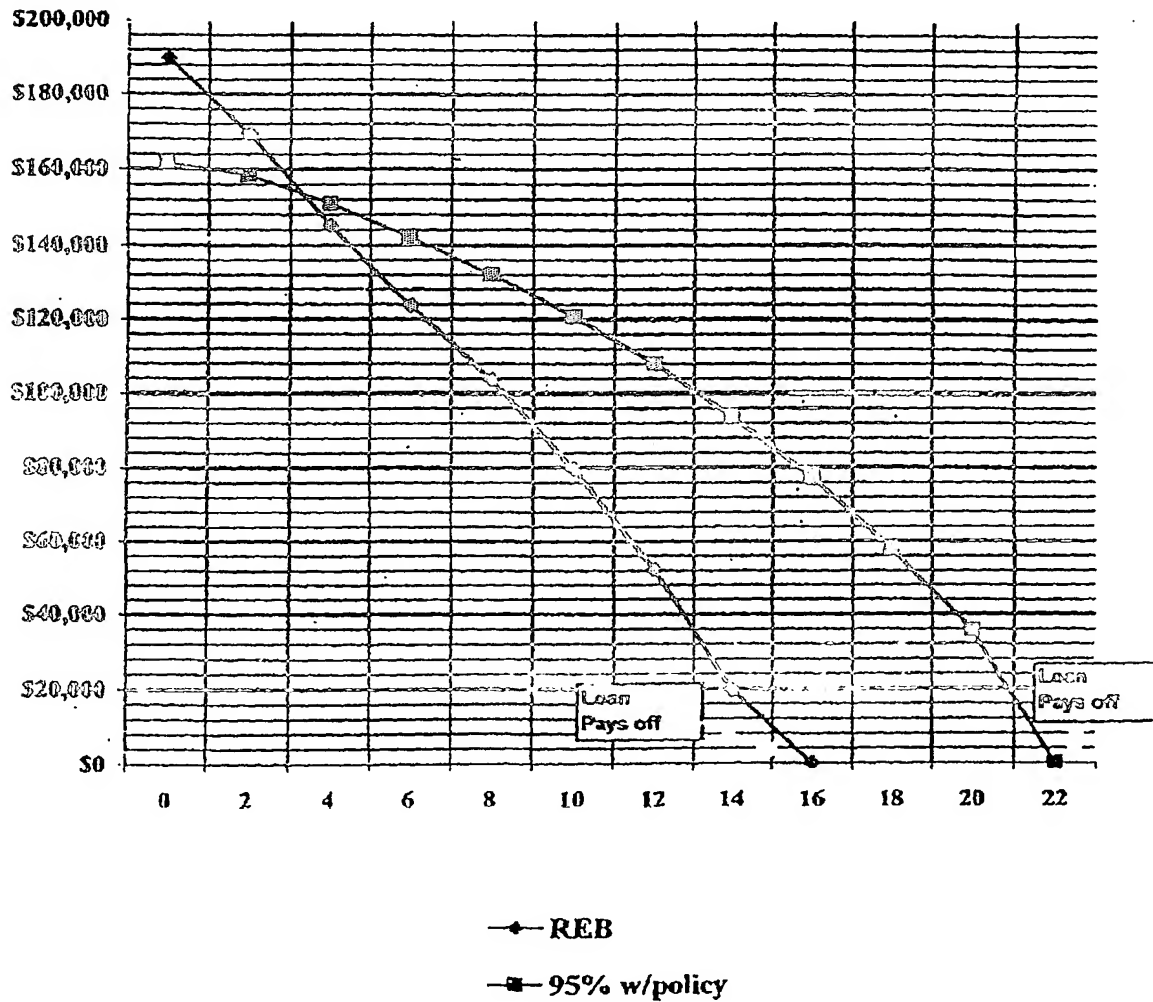
FIG. 2

Policy Net Surrender Value Applied Toward Mortgage Principal Balance

Rapid Equity Builder

vs

95% Conventional Loan with Monthly Policy Premiums
40 year old Male



3/23

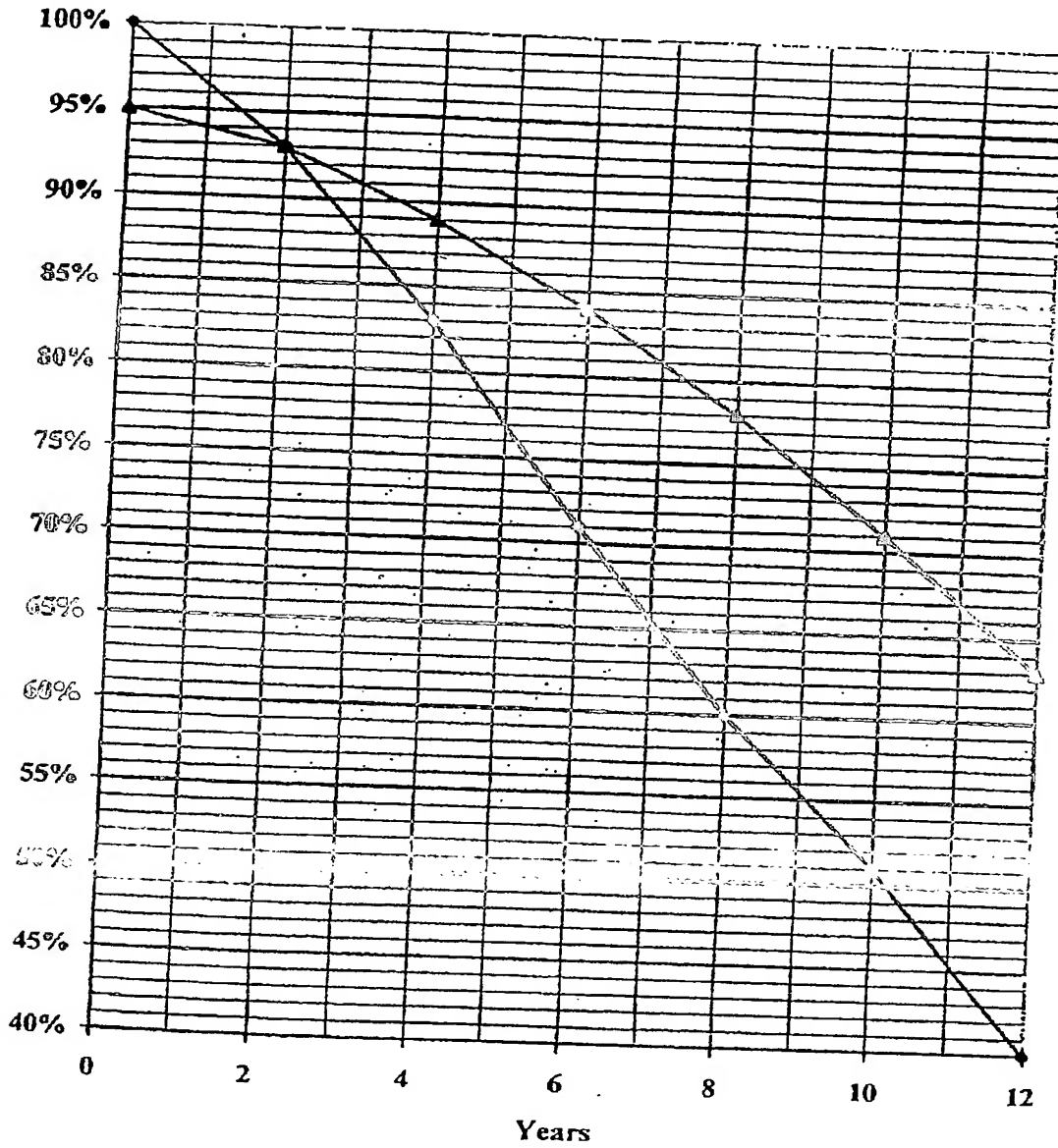
FIG. 3

Loan to Value **Mortgage Principal Balance Less Policy Net Surrender Value**

Rapid Equity Builder

vs

95% Conventional Loan with Monthly Policy Premiums



—◆— REB
 —▲— 95% w/policy

4 / 23

FIG. 4

Net Cash Flow
REB vs 30 year 95% Conventional Loan
40 year old male

	REB Mortgage Loan - 22 years	95% Conventional Loan - 22 years with policy	95% Conventional Loan without policy-22 years
Mortgage Loan	204,000.00	161,500.00	161,500.00
Down Payment	0	(8,500.00)	(8,500.00)
Closing Costs	(5,000.00)	(5,000.00)	(5,000.00)
Mortgage Payment - Annually	(21,338.46)	(14,220.36)	(14,220.36)
PMI - Annually	0	(1,260.00)	(1,260.00)
Insurance Premiums - Annually	0	(2,172.00)	0
Mortgage Payments			
2000	177,651.54	131,532.67	133,704.67
2001	(21,338.46)	(17,652.36)	(15,480.36)
2002	(21,338.46)	(17,652.36)	(15,480.36)
2003	(21,338.46)	(17,652.36)	(15,480.36)
2004	(21,338.46)	(17,652.36)	(15,480.36)
2005	(21,338.46)	(17,652.36)	(15,480.36)
2006	(21,338.46)	(17,652.36)	(15,480.36)
2007	(21,338.46)	(17,652.36)	(15,480.36)
2008	(21,338.46)	(17,652.36)	(15,480.36)
2009	(21,338.46)	(17,652.36)	(15,480.36)
2010	(21,338.46)	(17,652.36)	(15,480.36)
2011	(22,159.17)	(17,652.36)	(14,220.36)
2012	(21,338.46)	(16,392.36)	(14,220.36)
2013	(21,338.46)	(16,392.36)	(14,220.36)
2014	(21,338.46)	(16,392.36)	(14,220.36)
2015	(21,338.46)	(16,392.36)	(14,220.36)
2016	(21,338.46)	(16,392.36)	(14,220.36)
2017	(21,338.46)	(16,392.36)	(14,220.36)
2018	(21,338.46)	(16,392.36)	(14,220.36)
2019	(21,338.46)	(16,392.36)	(14,220.36)
2020	(21,338.46)	(16,392.36)	(14,220.36)
2021	97,017.09	(26,219.36)	(98,046.81)
	(152,911.28)	(236,393.89)	(261,349.34)
Policy Cash Value	113,768.00	73,999.00	0
Principal Balance	0.00	(83,826.00)	(83,826.45)
Net Cash Flow	<u>159,856.72</u>	<u>(98,220.89)</u>	<u>(197,175.79)</u>
Internal Rate of Return	9.15%	12.10%	10.79%

5/23

FIG. 5

Rapid Equity Builder

95% Conventional Loan Monthly Insurance Premiums

vs

YEAR	Mortgage Principal Balance		Less Insurance Policy Net Surrender Value		Net Balance		Loan to Value	
	REB	CONV	REB	CONV	REB	CONV	REB	CONV
2	197,267	158,689	7,474	276	189,793	158,413	93%	93%
4	189,350	155,393	19,052	4,396	169,398	150,997	83%	89%
6	179,879	151,527	34,627	9,355	145,252	142,172	71%	84%
8	168,548	146,993	44,200	14,626	123,748	132,167	60%	78%
10	154,990	141,675	51,299	20,874	103,722	120,801	51%	71%
12	138,429	135,437	58,679	27,438	79,756	108,001	40%	63%
14	118,956	128,121	66,710	34,411	52,246	93,710	26%	55%
16	95,659	119,540	75,952	42,323	19,707	77,217	10%	45%
18	67,785	109,476	83,000	51,420	+18,901	58,056		34%
20		97,671		61,930		35,741		21%
22		83,826		73,999		9,827		5%

6/23

FIG. 6

7 5 4 5 6 6 9 1 4 9 0 9 9

its successors and assigns, (herein called the "Assignee") Policy No.

... caused by the

(herein called the "Insurer") and any supplementary contracts issued in connection therewith (said policy and contracts being herein called the "Policy"), upon the life of _____

and thereunder (except as provided in Paragraph C hereof), subject to all the terms and conditions of the Policy and to all superior laws, if any, which assignment agrees to the conditions and provisions herein set forth. It is expressly agreed that, without delisting, the Assignor and the Assignee agree and the Assignee by the acceptance of this

8. It is expressly agreed that, without detracting from the generality of the foregoing, the following specific rights are included in this assignment and pass to the Assignee:

1. The sole right to collect from the Insurer the net proceeds of the Policy when it becomes a claim by death or maturity;
2. The sole right to surrender the Policy and receive the surrender value thereof at any time provided by the terms of the Policy and at such other times as the Insurer may allow;
3. The sole right to obtain one or more loans or advances on the Policy, either from the Insurer or, at any time, from other persons, and to pledge or assign the Policy as security for such loans or advances;
4. The sole right to receive and receive or distributions or shares of surplus, dividend deposits or additions to the Policy net of transaction costs or apportioned thereon, and to exercise any and all options contained in the Policy with respect thereto (provided, that unless and until the Assignee shall notify the Insurer in writing to the contrary, the distributions or shares of surplus, dividend deposits and additions shall continue on the plan in force at the time of this assignment); and
5. The sole right to exercise all nonforfeiture rights permitted by the terms of the Policy or allowed by the Insurer and to receive all benefits and advantages derived therefrom.
- It is expressly agreed that the following specific rights, so long as the Policy has not been surrendered, are reserved and excluded from this assignment and do not pass by virtue hereof:
1. The right to collect from the Insurer any death benefit payable on the Policy;

C. It is expressly agreed that the following specific rights, so long as the Policy has not been surrendered, are reserved and excluded from this assignment:

1. The right to collect from the Estimote any disability benefit payable to each Unit does not reduce the amount of Insurance;
2. The right to elect a beneficiary;

1. The right to collect from the Assignor any claim payable to each that does not reduce the amount of insurance;
2. The right to designate and change the beneficiary;
3. The right to elect any optional mode of settlement permitted by the Policy or allowed by the insurer;
but the reservation of these rights shall in no way impair the right of the Assignor to surrender the Policy completely or to let it lapse or to let it be terminated by the Assignor, and any designation or change of beneficiary or election of a mode of settlement shall be null and void in so far as it purports to operate in violation of the rights of the Assignor.

D. The Assignment cannot be made or assigned by way of assignment or creation of a mode of assignment and the mode subject to this Agreement shall remain in the hands of the Assignor hereunder.

E. This Agreement is made and the Recipient is to hold no national security for any and all activities of the undersigned, or any of them, to the Assignor, either now existing or that may become due in the ordinary course of business between any of the undersigned and the Assignor for at least fifteen years after the term of the Assignment has expired and the Assignor shall have no right to sue.

F. The Assignor cannot assign or make any other person or persons

G. If the

The Assignee certifies that it is not a party to the Assignment and the Assignor is not a party to the Assignment. The Assignee certifies that it is not a party to the Assignment and the Assignor is not a party to the Assignment.

1. That any business of the Assignor that is not a party to the Assignment is not a party to the Assignment and the Assignor is not a party to the Assignment.
2. That the Assignee will not conduct other business with the Assignor that is not a party to the Assignment and the Assignor is not a party to the Assignment.

- [illegible]

10. The Insurer is hereby authorized to recognize the Assignee's claim to assign hereunder without investigating the reason for any action taken by its Assignee, or the validity or the amount of the Unability, or the existence of any defect therein, or the giving of any notice under Paragraph E (2) above or otherwise, or the application to be made by the Assignee of any amount to be paid to its Assignee. The only signature of the Assignee entitles to discharge and release therefore to the Insurer. Consideration of any part of the assignment, through the Policy, and no signed receipt shall be deemed to be exclusive of the Assignee's action, and in such amounts during the term of the Policy, and no signed receipt shall be deemed to be exclusive of the Assignee's action.

2. The exercise of any right arising under this Agreement shall be subject to the following conditions:

K. The exercise of any right, option, privilege or power given herein to the Assignee shall be at the option of the Assignee. Except as restricted by Paragraph E (2) above, the Assignee may exercise any such right, option, privilege or power without notice to, or assent by, or affecting the liability of, or releasing any interest hereby assigned by the undersigned, or any of them.

The Assignee may take or release other security, may release any party primarily or secondarily liable for any of the Liabilities, may grant extensions, renewals or indulgences with respect to the Liabilities, or may apply to the Liabilities in such order as the Assignee shall determine, the proceeds of the Policy hereby assigned or any amount received on account of the Policy by the exercise of any right permitted under this contract, or any part thereof, or regard to other security.

1. In the event of any conflict between the provisions of this assignment and provisions of the addressed Agreement or other evidence of any Liability, with respect to the Policy or rights of collateral security therein, the provisions of this assignment shall prevail.

K. Each of the undersigned declares that no proceedings in bankruptcy are pending against him/her and that his/her property is not subject to any assignment for the benefit of creditors.

Signed this _____ day of _____, 19____

Witness

Witness

Owner

Irrevocable beneficiary, if any.

7123

FIG. 7

Flow Chart

Loan to Value

Year	Annual Annuity		Policy Net Surrender Value	Policy Net Surrender Value less \$34,000 Note Principal Balance
	\$34,000 Single Premium Immediate Annuity	Paying Annual Insurance Premium		
1	39,536	5,648	2,025	
2	33,888	5,648	7,474	92%
3	28,240	5,648	13,311	75%
4	22,592	5,648	19,952	56%
5	16,944	5,648	27,046	34%
6	11,293	5,648	34,627	11%
7	5,648	5,648	41,825	0
8			44,800	
9			47,944	
10			51,268	
11			55,042	
12			58,673	
13			62,557	
14			66,710	
15			71,161	
16			75,952	
17			81,115	
18			86,685	
19			92,708	
20			99,207	
21			106,226	
22			113,768	

8/23

FIG. 8

LOAN SCHEDULE

Rapid Equity Builder

Loan Amount: \$ 204,000.00 Loan Date: 01/01/00
 Term of Loan: 568 Annual Interest Rate: 9.000%
 Amortization Method: Normal, 365 D/Y Interest Compounded: Monthly

Year	Payment Amount	Interest	Principal	Balance
2000 totals	\$ 21,338.46	\$ 18,189.19	\$ 3,149.27	\$ 200,723.87
2001 totals	\$ 21,338.46	\$ 17,893.75	\$ 3,444.71	\$ 197,267.26
2002 totals	\$ 21,338.46	\$ 17,570.62	\$ 3,767.84	\$ 193,486.41
2003 totals	\$ 21,338.46	\$ 17,217.17	\$ 4,121.29	\$ 189,350.88
2004 totals	\$ 21,338.46	\$ 16,832.59	\$ 4,507.87	\$ 184,827.44
2005 totals	\$ 21,338.46	\$ 16,407.73	\$ 4,930.73	\$ 179,879.67
2006 totals	\$ 21,338.46	\$ 15,945.17	\$ 5,393.29	\$ 174,467.75
2007 totals	\$ 21,338.46	\$ 15,439.23	\$ 5,899.23	\$ 168,548.14
2008 totals	\$ 21,338.46	\$ 14,885.88	\$ 6,452.58	\$ 162,073.27
2009 totals	\$ 21,338.46	\$ 14,280.53	\$ 7,057.93	\$ 154,990.96
2010 totals	\$ 21,338.46	\$ 13,613.47	\$ 7,719.99	\$ 147,244.30
2011 totals	\$ 22,159.17	\$ 13,374.85	\$ 8,784.32	\$ 138,429.63
2012 totals	\$ 21,338.46	\$ 12,070.25	\$ 9,268.21	\$ 129,129.41
2013 totals	\$ 21,338.46	\$ 11,203.83	\$ 10,137.63	\$ 118,956.76
2014 totals	\$ 21,338.46	\$ 10,249.87	\$ 11,088.59	\$ 107,829.86
2015 totals	\$ 21,338.46	\$ 9,199.20	\$ 12,139.26	\$ 95,652.27
2016 totals	\$ 21,338.46	\$ 8,071.89	\$ 13,266.57	\$ 82,346.77
2017 totals	\$ 21,338.46	\$ 6,827.41	\$ 14,511.05	\$ 67,785.59
2018 totals	\$ 21,338.46	\$ 5,466.18	\$ 15,872.28	\$ 51,858.48
2019 totals	\$ 21,338.46	\$ 3,977.22	\$ 17,361.24	\$ 34,437.26
2020 totals	\$ 21,338.46	\$ 2,348.63	\$ 18,989.83	\$ 15,381.83
2021 totals	\$ 16,750.91	\$ 604.15	\$ 16,146.76	\$ 0.00
Grand totals	\$ 465,679.28	\$ 261,679.28	\$ 204,000.00	\$ 0.00

9/23

FIG. 9

LOAN DATA**Rapid Equity Builder**

Loan Amount:	\$ 204,000.00	Loan Date:	01/01/00
Term of Loan:	568	First Payment Date:	01/15/00
Interest Compounded:	Monthly	Annual Interest Rate:	9.000%
Amortization Method:	Normal, 365 D/Y	Effective Interest Rate:	9.381%
Days Per Year	365	Periodic Rate:	0.750%
Rounded Item:	Last Interest Payment	Equivalent Daily Rate:	0.025%
First Payment:	\$ 820.71	(Prin. and Int.)	
Skipped Payments:	N/A		
Fixed Principal Payments:	N/A		
Percent Step:	N/A		
Fixed Principal Payments	N/A		

10/23

EIG. 10

LOAN SCHEDULE

Rapid Equity Builder

Loan Amount: \$ 170,000.00 **Loan Date:** 01/01/00
Term of Loan: 568 **Annual Interest Rate:** 9.000%
Amortization Method: Normal, 365 D/Y **Interest Compounded:** Monthly

Year	Payment Amount	Interest	Principal	Balance
2000 totals	\$ 17,776.20	\$ 15,157.93	\$ 2,618.27	\$ 167,276.26
2001 totals	\$ 17,776.20	\$ 14,912.32	\$ 2,863.88	\$ 164,402.49
2002 totals	\$ 17,776.20	\$ 14,643.65	\$ 3,132.55	\$ 161,259.12
2003 totals	\$ 17,776.20	\$ 14,349.81	\$ 3,426.39	\$ 157,820.89
2004 totals	\$ 17,776.20	\$ 14,028.36	\$ 3,747.84	\$ 154,060.10
2005 totals	\$ 17,776.20	\$ 13,676.82	\$ 4,099.38	\$ 149,946.56
2006 totals	\$ 17,776.20	\$ 13,292.25	\$ 4,483.95	\$ 145,447.12
2007 totals	\$ 17,776.20	\$ 12,871.63	\$ 4,904.57	\$ 140,525.61
2008 totals	\$ 17,776.20	\$ 12,411.54	\$ 5,364.66	\$ 135,142.42
2009 totals	\$ 17,776.20	\$ 11,908.32	\$ 5,867.88	\$ 129,254.27
2010 totals	\$ 17,776.20	\$ 11,357.85	\$ 6,418.35	\$ 122,813.74
2011 totals	\$ 18,459.90	\$ 11,156.67	\$ 7,303.23	\$ 115,485.28
2012 totals	\$ 17,776.20	\$ 10,070.70	\$ 7,705.50	\$ 107,753.16
2013 totals	\$ 17,776.20	\$ 9,347.05	\$ 8,428.35	\$ 99,295.70
2014 totals	\$ 17,776.20	\$ 8,557.19	\$ 9,219.01	\$ 90,044.84
2015 totals	\$ 17,776.20	\$ 7,692.41	\$ 10,083.79	\$ 79,926.21
2016 totals	\$ 17,776.20	\$ 6,746.66	\$ 11,029.54	\$ 68,892.27
2017 totals	\$ 17,776.20	\$ 5,711.61	\$ 12,064.39	\$ 56,752.30
2018 totals	\$ 17,776.20	\$ 4,580.07	\$ 13,196.13	\$ 43,510.59
2019 totals	\$ 17,776.20	\$ 3,342.20	\$ 14,434.00	\$ 29,026.72
2020 totals	\$ 17,776.20	\$ 1,988.18	\$ 15,788.02	\$ 13,184.16
2021 totals	\$ 14,351.08	\$ 530.96	\$ 13,820.12	\$ 0.00
Grand totals	\$ 388,334.98	\$ 218,334.98	\$ 170,000.00	\$ 0.00

11 / 23

FIG. 11

LOAN DATA**Rapid Equity Builder**

Loan Amount:	\$ 170,000.00	Loan Date:	01/01/00
Term of Loan:	568	First Payment Date:	01/15/00
Interest Compounded:	Monthly	Annual Interest Rate:	9.000%
Amortization Method:	Normal, 365 D/Y	Effective Interest Rate:	9.381%
Days Per Year	365	Periodic Rate:	0.750%
Rounded Item:	Last Interest Payment	Equivalent Daily Rate:	0.025%
First Payment:	\$ 683.70	(Prin. and Int.)	
Skipped Payments:	N/A		
Extra Principal Payments:	N/A		
Percent Step:	N/A		
Fixed Principal Payments:	N/A		

12 / 23

FIG. 12

LOAN SCHEDULE**Rapid Equity Builder**

Loan Amount: \$ 34,000.00 Loan Date: 01/01/00
 Term of Loan: 568 Annual Interest Rate: 9.000%
 Amortization Method: Normal, 365 D/Y Interest Compounded: Monthly

Year	Payment Amount	Interest	Principal	Balance
2000 totals	\$ 3,555.24	\$ 3,031.59	\$ 523.65	\$ 33,455.26
2001 totals	\$ 3,555.24	\$ 2,982.48	\$ 572.76	\$ 32,880.52
2002 totals	\$ 3,555.24	\$ 2,928.75	\$ 626.49	\$ 32,251.86
2003 totals	\$ 3,555.24	\$ 2,869.97	\$ 685.27	\$ 31,564.23
2004 totals	\$ 3,555.24	\$ 2,805.69	\$ 749.55	\$ 30,812.09
2005 totals	\$ 3,555.24	\$ 2,735.35	\$ 819.89	\$ 29,989.36
2006 totals	\$ 3,555.24	\$ 2,658.45	\$ 896.79	\$ 29,089.48
2007 totals	\$ 3,555.24	\$ 2,574.33	\$ 980.91	\$ 28,105.18
2008 totals	\$ 3,555.24	\$ 2,482.31	\$ 1,072.93	\$ 27,028.54
2009 totals	\$ 3,555.24	\$ 2,381.65	\$ 1,173.59	\$ 25,850.90
2010 totals	\$ 3,555.24	\$ 2,271.58	\$ 1,283.66	\$ 24,562.80
2011 totals	\$ 3,555.24	\$ 2,151.31	\$ 1,403.93	\$ 23,097.09
2012 totals	\$ 3,555.24	\$ 2,014.13	\$ 1,541.11	\$ 21,550.65
2013 totals	\$ 3,555.24	\$ 1,869.57	\$ 1,685.67	\$ 19,859.16
2014 totals	\$ 3,555.24	\$ 1,711.44	\$ 1,843.80	\$ 18,008.99
2015 totals	\$ 3,555.24	\$ 1,538.50	\$ 2,016.74	\$ 15,985.28
2016 totals	\$ 3,555.24	\$ 1,349.27	\$ 2,206.97	\$ 13,771.69
2017 totals	\$ 3,555.24	\$ 1,142.36	\$ 2,412.88	\$ 11,358.50
2018 totals	\$ 3,555.24	\$ 916.04	\$ 2,639.20	\$ 8,702.18
2019 totals	\$ 3,555.24	\$ 668.45	\$ 2,886.79	\$ 5,805.42
2020 totals	\$ 3,555.24	\$ 397.65	\$ 3,157.59	\$ 2,636.92
2021 totals	\$ 2,870.33	\$ 106.22	\$ 2,764.11	\$ 0.00
Grand totals	\$ 77,667.11	\$ 43,667.11	\$ 34,000.00	\$ 0.00

13 / 23

FIG. 12

LOAN DATA

Rapid Equity Builder

Loan Amount:	\$ 34,000.00	Loan Date:	01/01/00
Term of Loan:	568	First Payment Date:	01/15/00
Interest Compounded:	Monthly	Annual Interest Rate:	9.000%
Amortization Method:	Normal, 365 D/Y	Effective Interest Rate:	9.381%
Days Per Year	365	Periodic Rate:	0.750%
Rounded Item:	Last Interest Payment	Equivalent Daily Rate:	0.025%
First Payment:	\$ 136.74	(Prin. and Int.)	
Skipped Payments:	N/A		
Extra Principal Payments:	N/A		
Percent Step:	N/A		
Fixed Principal Payments:	N/A		

14 / 23

FIG. 14

LOAN SCHEDULE

95% Conventional Homebuyer

Loan Amount: \$ 161,500.00 Loan Date: 01/01/00
Term of Loan: 360 Annual Interest Rate: 8.000%
Amortization Method: Normal, 365 D/Y Interest Compounded: Monthly

Year	Payment Amount	Interest	Principal	Balance
2000 totals	\$ 13,035.33	\$ 11,802.80	\$ 1,232.53	\$ 160,150.89
2001 totals	\$ 14,220.36	\$ 12,768.95	\$ 1,451.41	\$ 158,689.80
2002 totals	\$ 14,220.36	\$ 12,648.46	\$ 1,571.90	\$ 157,107.42
2003 totals	\$ 14,220.36	\$ 12,518.01	\$ 1,702.35	\$ 155,393.73
2004 totals	\$ 14,220.36	\$ 12,376.71	\$ 1,843.65	\$ 153,537.78
2005 totals	\$ 14,220.36	\$ 12,223.70	\$ 1,996.66	\$ 151,527.81
2006 totals	\$ 14,220.36	\$ 12,057.98	\$ 2,162.38	\$ 149,351.02
2007 totals	\$ 14,220.36	\$ 11,878.49	\$ 2,341.87	\$ 146,993.53
2008 totals	\$ 14,220.36	\$ 11,684.12	\$ 2,536.24	\$ 144,440.39
2009 totals	\$ 14,220.36	\$ 11,473.61	\$ 2,746.75	\$ 141,675.33
2010 totals	\$ 14,220.36	\$ 11,245.64	\$ 2,974.72	\$ 138,689.77
2011 totals	\$ 14,220.36	\$ 10,998.73	\$ 3,221.63	\$ 135,437.67
2012 totals	\$ 14,220.36	\$ 10,731.36	\$ 3,489.00	\$ 131,925.41
2013 totals	\$ 14,220.36	\$ 10,441.76	\$ 3,778.60	\$ 128,121.62
2014 totals	\$ 14,220.36	\$ 10,128.14	\$ 4,092.22	\$ 124,002.11
2015 totals	\$ 14,220.36	\$ 9,788.50	\$ 4,431.86	\$ 119,540.71
2016 totals	\$ 14,220.36	\$ 9,420.64	\$ 4,799.72	\$ 114,720.59
2017 totals	\$ 14,220.36	\$ 9,022.27	\$ 5,198.09	\$ 109,476.25
2018 totals	\$ 14,220.36	\$ 8,590.84	\$ 5,629.52	\$ 103,809.20
2019 totals	\$ 14,220.36	\$ 8,123.58	\$ 6,096.78	\$ 97,671.77
2020 totals	\$ 14,220.36	\$ 7,617.57	\$ 6,602.79	\$ 91,024.96
2021 totals	\$ 14,220.36	\$ 7,069.52	\$ 7,150.84	\$ 83,826.45
2022 totals	\$ 14,220.36	\$ 6,476.01	\$ 7,744.35	\$ 76,030.47
2023 totals	\$ 14,220.36	\$ 5,833.24	\$ 8,387.12	\$ 67,587.44
2024 totals	\$ 14,220.36	\$ 5,137.11	\$ 9,083.25	\$ 58,443.63
2025 totals	\$ 14,220.36	\$ 4,383.18	\$ 9,837.18	\$ 48,540.87

15 / 23

FIG. 15

Year	Payment Amount	Interest	Principal	Balance
2026 totals	\$ 14,220.36	\$ 3,566.71	\$ 10,653.65	\$ 37,816.20
2027 totals	\$ 14,220.36	\$ 2,682.47	\$ 11,537.89	\$ 26,201.39
2028 totals	\$ 14,220.36	\$ 1,724.83	\$ 12,495.53	\$ 13,622.55
2029 totals	\$ 14,220.36	\$ 687.70	\$ 13,532.66	\$ 0.00
2030 totals	\$ 1,184.71	\$ 7.85	\$ 1,176.86	\$ 0.00
Grand totals	\$ 426,610.48	\$ 265,110.48	\$ 161,500.00	\$ 0.00

16 / 23

FIG. 15b

LOAN DATA**95% Conventional Home**

Loan Amount:	\$ 161,500.00	Loan Date:	01/01/00
Term of Loan:	360	First Payment Date:	02/01/00
Interest Compounded:	Monthly	Annual Interest Rate:	8.000%
Amortization Method:	Normal, 365 D/Y	Effective Interest Rate:	8.300%
Days Per Year	365	Periodic Rate:	0.667%
Rounded Item:	Last Interest Payment	Equivalent Daily Rate:	0.022%
First Payment:	\$ 1,185.03	(Prin. and Int.)	
Skipped Payments:	N/A		
Extra Principal Payments:	N/A		
Payment Step:	N/A		
Fixed Principal Payments:	N/A		

17 / 23

_FIG.16

PCT0503/19093

POLICY ILLUSTRATION

John Doe
Male, Age: 40 Standard NonSmoker

Universal Life
Initial Death Benefit: \$ 210,000
Initial Annual Premium: \$ 5,648.00

		Current (Non Guaranteed)			
Year	Age	Annualized Premium Outlay	Net Surrender Value	Net Accumulated Value	Net Death Benefit
1	41	5,648	2,025	5,083	210,000
2	42	5,648	7,474	10,531	210,000
3	43	5,648	13,311	16,369	210,000
4	44	5,648	19,952	22,627	210,000
5	45	5,648	27,046	29,339	210,000
Total		28,240			
6	46	5,648	34,627	36,538	210,000
7	47	4,736	41,825	43,353	210,000
8	48	0	44,809	45,947	210,000
9	49	0	47,944	48,709	210,000
10	50	0	51,268	51,651	210,000
Total		38,624			
11	51	0	55,042	55,042	210,000
12	52	0	58,673	58,673	210,000
13	53	0	62,557	62,557	210,000
14	54	0	66,710	66,710	210,000
15	55	0	71,161	71,161	210,000
Total		38,624			
16	56	0	75,952	75,952	210,000
17	57	0	81,115	81,115	210,000
18	58	0	86,606	86,606	210,000
19	59	0	92,708	92,708	210,000
20	60	0	99,237	99,237	210,000
Total		38,624			
21	61	0	106,226	106,226	210,000
22	62	0	113,768	113,768	210,000
23	63	0	121,886	121,886	210,000
24	64	0	130,634	130,634	210,000
25	65	0	140,081	140,081	210,000
Total		38,624			
26	66	0	150,303	150,303	210,000
27	67	0	161,382	161,382	210,000
28	68	0	173,437	173,437	210,000
29	69	0	186,537	186,537	218,249
30	70	0	200,647	200,647	232,750
Total		38,624			
31	71	0	215,806	215,806	248,177
32	72	0	232,145	232,145	262,324
33	73	0	249,772	249,772	277,247
34	74	0	268,807	268,807	293,000
35	75	0	289,388	289,388	309,645
Total		38,624			

If the Death Benefit Guarantee Rider To Age 95 is in force at maturity, the policy maturity date will be extended to the date of the insured's death with no further premium required.

Principal Life Insurance Company. Valid for presentation in Washington provided all pages are included. Current values are not guaranteed and are based on assumptions that are subject to change at any time. Actual results may be more or less favorable. Refer to the page titled POLICY ILLUSTRATIONS - GUARANTEED for Guaranteed values. Annualized Premium Outlay is shown as of the beginning of the policy year. Net Surrender Value, Net Accumulated Value, and Net Death Benefit are shown at the end of the policy year.
Reference Number SF163,SF999. Illustration # 506

18/23
FIG. 17

PC170603/19093
POLICY ILLUSTRATION

John Doe
 Male, Age: 40 Standard NonSmoker

Universal Life
 Initial Death Benefit: \$ 210,000
 Initial Annual Premium: \$ 5,648.00

Year	Age	Current (Non Guaranteed)			
		Annualized Premium Outlay	Net Surrender Value	Net Accumulated Value	Net Death Benefit
36	76	0	311,670	311,670	327,254
37	77	0	335,627	335,627	352,409
38	78	0	361,376	361,376	379,445
39	79	0	389,042	389,042	408,494
40	80	0	418,755	418,755	439,692
Total		38,624			
41	81	0	450,652	450,652	473,185
42	82	0	484,877	484,877	509,121
43	83	0	521,585	521,585	547,664
44	84	0	560,940	560,940	588,988
45	85	0	603,120	603,120	633,276
Total		38,624			
46	86	0	648,304	648,304	680,720
47	87	0	696,675	696,675	731,509
48	88	0	748,436	748,436	785,856
49	89	0	803,773	803,773	843,961
50	90	0	862,876	862,876	906,020
Total		38,624			
51	91	0	925,973	925,973	972,272
52	92	0	994,454	994,454	1,034,232
53	93	0	1,068,988	1,068,988	1,101,750
54	94	0	1,150,557	1,150,557	1,173,264
55	95	0	1,239,472	1,239,472	1,251,866
Total		38,624			

If the Death Benefit Guarantee Rider To Age 95 is in force at maturity, the policy maturity date will be extended to the date of the insured's death with no further premium required.

Principal Life Insurance Company. Valid for presentation in Washington provided all pages are included. Current values are not guaranteed and are based on assumptions that are subject to change at any time. Actual results may be more or less favorable. Refer to the page titled POLICY ILLUSTRATIONS - GUARANTEED for Guaranteed values. Annualized Premium Outlay is shown as of the beginning of the policy year. Net Surrender Value, Net Accumulated Value, and Net Death Benefit are shown at the end of the policy year.
 Reference Number SF163,SF999. Illustration # 506

19/23
 FIG.17b

POLICY ILLUSTRATION

John
Male, Age: 40 Standard NonSmoker

Universal Life
Initial Death Benefit: \$ 210,000
Initial Annual Premium: \$ 2,171.54

Year	Age	Current (Non Guaranteed)			
		Annualized Premium Outlay	Net Surrender Value	Net Accumulated Value	Net Death Benefit
1	41	2,172	0	1,618	210,000
2	42	2,172	276	3,334	210,000
3	43	2,172	2,091	5,149	210,000
4	44	2,172	4,396	7,071	210,000
5	45	2,172	6,815	9,108	210,000
Total		10,858			
6	46	2,172	9,355	11,266	210,000
7	47	2,172	12,022	13,551	210,000
8	48	2,172	14,826	15,972	210,000
9	49	2,172	17,774	18,538	210,000
10	50	2,172	20,874	21,256	210,000
Total		21,715			
11	51	2,172	24,251	24,251	210,000
12	52	2,172	27,436	27,436	210,000
13	53	2,172	30,819	30,819	210,000
14	54	2,172	34,411	34,411	210,000
15	55	2,172	38,233	38,233	210,000
Total		32,573			
16	56	2,172	42,323	42,323	210,000
17	57	2,172	46,709	46,709	210,000
18	58	2,172	51,420	51,420	210,000
19	59	2,172	56,468	56,468	210,000
20	60	2,172	61,920	61,920	210,000
Total		43,431			
21	61	2,172	67,775	67,775	210,000
22	62	2,172	73,999	73,999	210,000
23	63	2,172	80,635	80,635	210,000
24	64	2,172	87,718	87,718	210,000
25	65	2,172	95,291	95,291	210,000
Total		54,289			
26	66	2,172	103,405	103,405	210,000
27	67	2,172	112,117	112,117	210,000
28	68	2,172	121,497	121,497	210,000
29	69	2,172	131,597	131,597	210,000
30	70	2,172	142,525	142,525	210,000
Total		65,146			
31	71	2,172	154,366	154,366	210,000
32	72	2,172	167,252	167,252	210,000
33	73	2,172	181,324	181,324	210,000
34	74	2,172	196,739	196,739	214,446
35	75	2,172	213,462	213,462	228,404
Total		76,004			

If the Death Benefit Guarantee Rider To Age 95 is in force at maturity, the policy maturity date will be extended to the date of the insured's death with no further premium required.

Principal Life Insurance Company. Valid for presentation in Washington provided all pages are included. Current values are not guaranteed and are based on assumptions that are subject to change at any time. Actual results may be more or less favorable. Refer to the page titled POLICY ILLUSTRATIONS - GUARANTEED for Guaranteed values. Annualized Premium Outlay is shown as of the beginning of the policy year. Net Surrender Value, Net Accumulated Value, and Net Death Benefit are shown at the end of the policy year.
Reference Number SF163.SF999, Illustration # 795

20/23
FIG. 18

POLICY ILLUSTRATION

John
Male, Age: 40 Standard NonSmoker

Universal Life
Initial Death Benefit: \$ 210,000
Initial Annual Premium: \$ 2,171.54

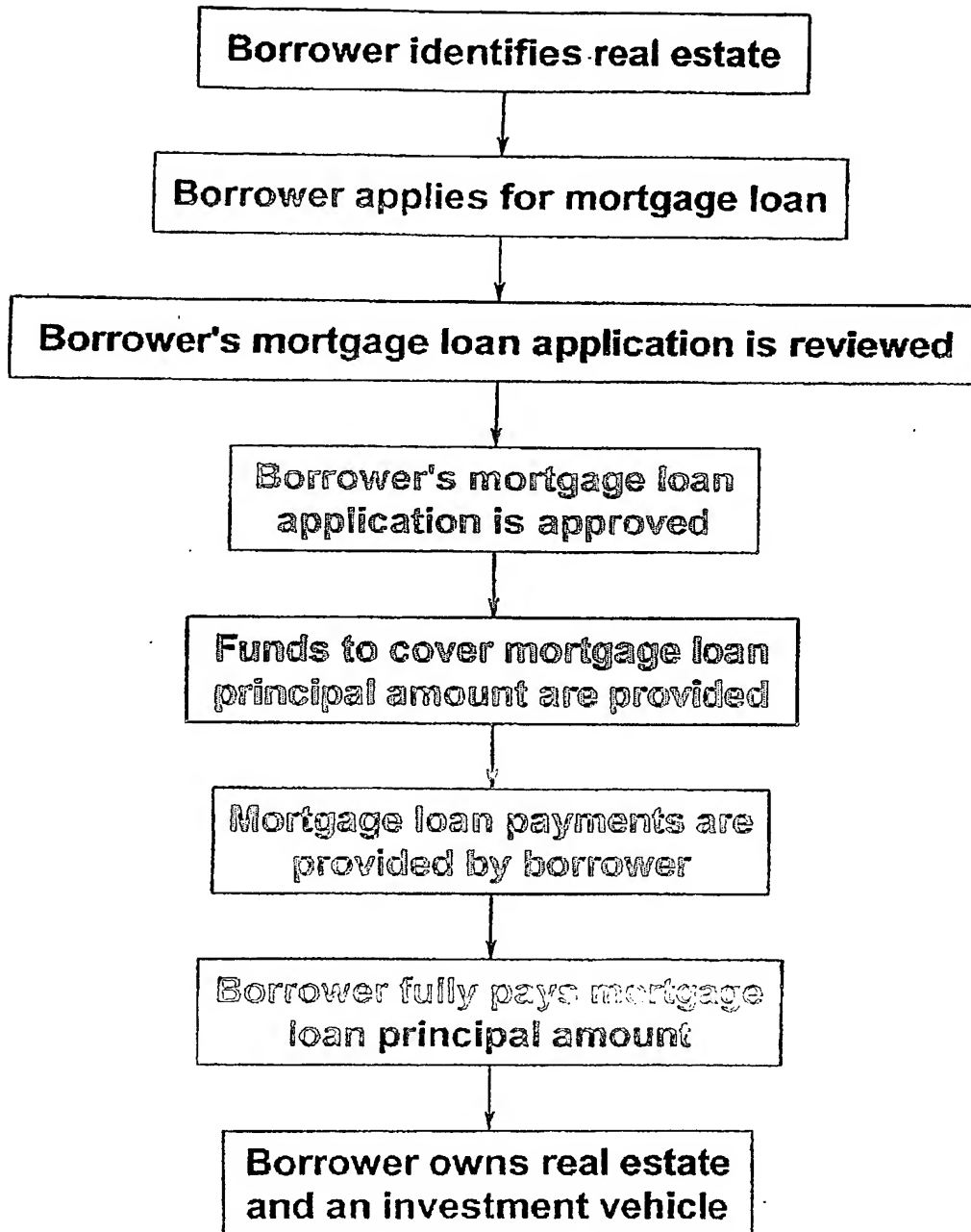
		Current (Non Guaranteed)			
Year	Age	Annualized Premium Outlay	Net Surrender Value	Net Accumulated Value	Net Death Benefit
36	76	2,172	231,517	231,517	243,093
37	77	2,172	250,887	250,887	263,432
38	78	2,172	271,660	271,660	285,244
39	79	2,172	293,931	293,931	308,628
40	80	2,172	317,798	317,798	333,688
Total		86,862			
41	81	2,172	343,363	343,363	360,531
42	82	2,172	370,734	370,734	389,270
43	83	2,172	400,026	400,026	420,028
44	84	2,172	431,362	431,362	452,930
45	85	2,172	464,871	464,871	488,115
Total		97,719			
46	86	2,172	500,689	500,689	525,723
47	87	2,172	538,946	538,946	565,894
48	88	2,172	579,794	579,794	608,784
49	89	2,172	623,365	623,365	654,533
50	90	2,172	669,797	669,797	703,287
Total		108,577			
51	91	2,172	719,254	719,254	755,217
52	92	2,172	772,803	772,803	803,715
53	93	2,172	830,348	830,348	855,876
54	94	2,172	894,276	894,276	912,162
55	95	2,172	963,473	963,473	973,108
Total		119,435			

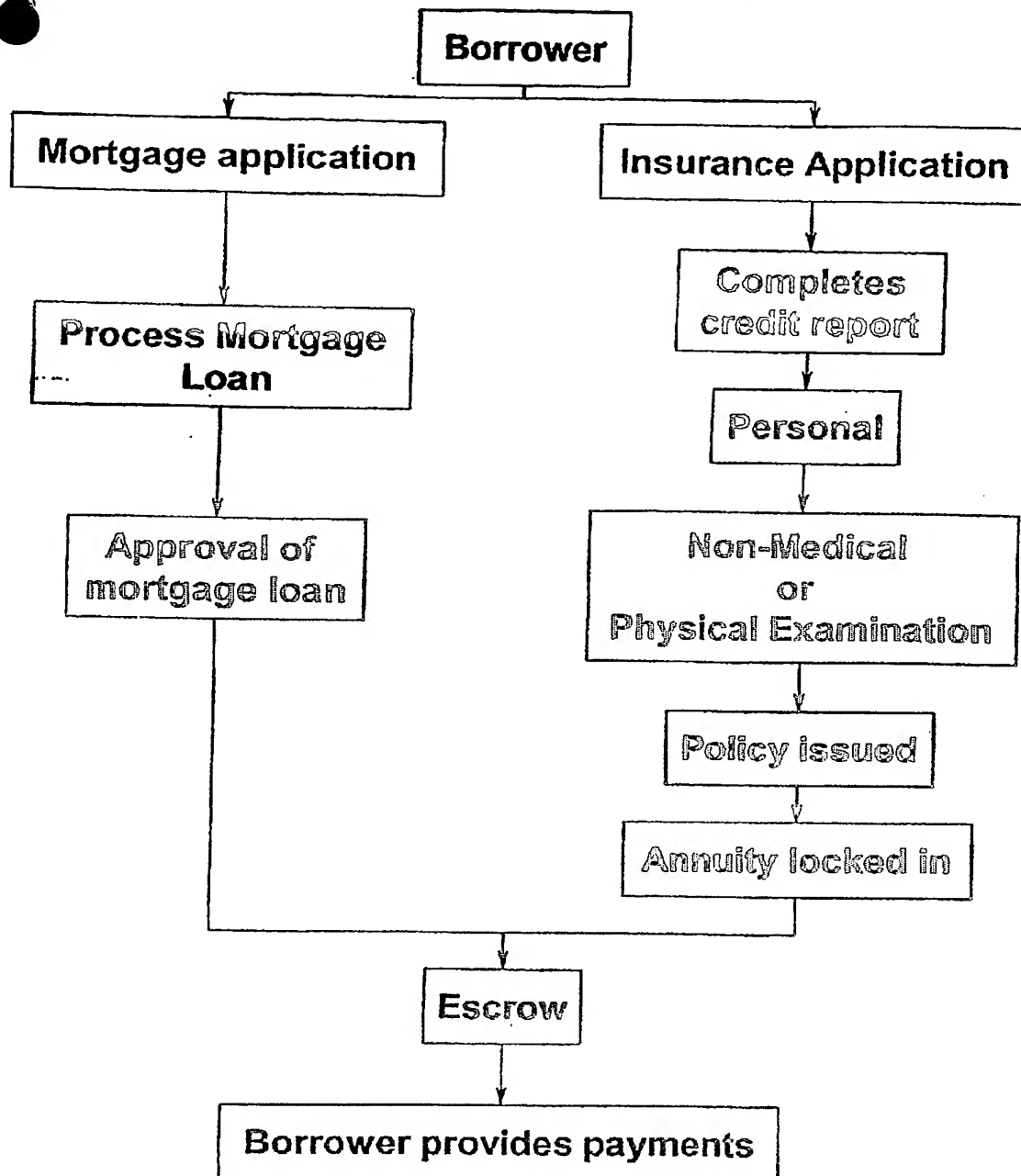
If the Death Benefit Guarantee Rider To Age 95 is in force at maturity, the policy maturity date will be extended to the date of the insured's death with no further premium required.

Principal Life Insurance Company. Valid for presentation in Washington provided all pages are included. Current values are not guaranteed and are based on assumptions that are subject to change at any time. Actual results may be more or less favorable. Refer to the page titled POLICY ILLUSTRATIONS - GUARANTEED for Guaranteed values. Annualized Premium Outlay is shown as of the beginning of the policy year. Net Surrender Value, Net Accumulated Value, and Net Death Benefit are shown at the end of the policy year.
Reference Number SF163,SF999. Illustration # 795

21 / 23

FIG.18b





23/23

FIG. 20

**This Page is Inserted by IFW Indexing and Scanning
Operations and is not part of the Official Record**

BEST AVAILABLE IMAGES

Defective images within this document are accurate representations of the original documents submitted by the applicant.

Defects in the images include but are not limited to the items checked:

- ☐ BLACK BORDERS
- ☐ IMAGE CUT OFF AT TOP, BOTTOM OR SIDES
- ☐ FADED TEXT OR DRAWING
- ☐ BLURRED OR ILLEGIBLE TEXT OR DRAWING
- ☐ SKEWED/SLANTED IMAGES
- ☒ COLOR OR BLACK AND WHITE PHOTOGRAPHS
- ☐ GRAY SCALE DOCUMENTS
- ☐ LINES OR MARKS ON ORIGINAL DOCUMENT
- ☐ REFERENCE(S) OR EXHIBIT(S) SUBMITTED ARE POOR QUALITY
- ☐ OTHER: _____

IMAGES ARE BEST AVAILABLE COPY.

As rescanning these documents will not correct the image problems checked, please do not report these problems to the IFW Image Problem Mailbox.